

# Washington State Auditor's Office

## Audit Report

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### Aberdeen School District Grays Harbor County

Audit Period  
September 1, 1998 through August 31, 1999

Report No. 61341

Issue Date  
**June 2, 2000**



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_  
Brian Sonntag

# Audit Summary

**Aberdeen School District  
Grays Harbor County  
September 1, 1998 through August 31, 1999**

## ***ABOUT THE AUDIT***

This report contains the results of our independent audit of the Aberdeen School District for the period of September 1, 1998, through August 31, 1999.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated the internal controls established by District management. Our audit work focused on areas with a potential risk for abuse or misuse of public resources.

A special focus of our audit was on the District's compliance with reporting requirements of three major areas of state funding – student enrollment counts, reports on teacher experience and education, and student bus ridership counts. Cash handling procedures for Associated Student Body funds were also a major focus of our audit.

## ***RESULTS***

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. Its financial statements were complete and accurate.

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Grays Harbor County  
September 1, 1998 through August 31, 1999**

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# Description of the District

## **Aberdeen School District Grays Harbor County September 1, 1998 through August 31, 1999**

### ***ABOUT THE DISTRICT***

The Aberdeen School District's main objective is to provide public school service to nearly 3,800 students in kindergarten through grade 12. The District operates six elementary schools, one middle school, a high school and an alternative high school. The District is a member of the Hoquiam Transportation Cooperative, which provides transportation service for the Aberdeen and Hoquiam School Districts and is operated by the Hoquiam School District.

The District's five-member Board of Directors is the primary policy-making body, exercising budgetary and financial control for the District. The Superintendent, along with staff, administers day-to-day operations of the District and carries out the decisions made by the Board. The District employs 235 certificated and 225 classified staff that, besides providing basic education, provide supplemental programs and learning opportunities for students such as special education, vocational education and food services. The District operates on an annual budget of approximately \$31 million.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Board of Directors:

Frank Moses  
Rhonda Hutchings  
Jim Brown  
Sandra Bielski  
James Mason

Note: Brian Shea was elected in November 1999, replacing Jim Brown.

### ***APPOINTED OFFICIALS***

Superintendent

Karen Koschak

### ***ADDRESS***

District

216 North G Street  
Aberdeen, WA 98520  
(360) 538-2000

# Audit Areas Examined

## Aberdeen School District Grays Harbor County September 1, 1998 through August 31, 1999

In keeping with general auditing practices, we do not examine every portion of the Aberdeen School District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

### **LEGAL COMPLIANCE**

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Student bus ridership counts
- Ethics/conflict of interest laws and policies
- Petty cash funds
- Bid laws
- Budgeting requirements
- Associated Student Body activity and operations
- Reporting of teacher experience and education (staff mix)
- Student enrollment reporting

### **INTERNAL CONTROL**

We evaluated the following areas of the District's internal control structure:

- Cash receipting
- Cash disbursements
- Purchase of goods and services
- Payroll

### **FINANCIAL AREAS**

In addition to the financial-related work listed in other categories, we audited the following areas:

- Revenue such as state apportionment, grants, taxes and locally generated funds
- Payroll
- Cash and investments
- Overall presentation of the financial statements and accompanying notes
- Expenditures including payroll costs and vendor payments
- Accounts receivable

### **FEDERAL PROGRAMS**

We audited the District's federal programs as part of our Washington Education System Single Audit Pilot project. The pilot project is an annual, statewide audit of federal programs administered by school districts, educational service districts and the Office of Superintendent of Public Instruction (OSPI). In conducting our audit, we evaluated and tested the internal controls used by the District and by the Washington Education System to administer its federal programs and tested the District and the education system's compliance with federal laws and regulations.

For the District's programs, our testing was performed both at the District and at OSPI. We audited the following programs at the District:

U.S. Department of Education:

- Title I
- Vocational Education

Our examination at the District included the following compliance areas, as applicable to each program:

- Spending grant funds for allowable purposes
- Management and disposition of equipment and real property
- Obligation of funds within a specified time period
- Financial reporting
- Procurement of goods and services

The results of our pilot project will be published in a separate report, which includes federal findings from all school districts, educational service districts and OSPI.

# Audit Overview

## **Aberdeen School District Grays Harbor County September 1, 1998 through August 31, 1999**

### ***AUDIT HISTORY***

The Aberdeen School District is audited every year. The District has had two audit findings in the previous five years. The 1993-94 report contained a finding for under-reporting of teacher experience and education (staff mix) and the 1996-97 report found that the District had over-claimed reimbursement for free and reduced lunches. The District has addressed and corrected deficiencies noted by the auditors. This report is free of findings.

District's management is committed to strong internal controls and compliance with applicable statutes. The District is responsive to audit recommendations made by our Office. Audit concerns are often discussed, addressed and resolved before the completion of the audit.

### ***CONCLUSIONS***

In the areas examined, we found the District complied with state laws and regulations and its own policies and procedures. We found the District's financial statements were complete and accurate.

Overall, our testing showed the District complied with reporting regulations for:

- Student enrollment counts
- Reports on teacher experience and education
- Student bus ridership reporting

We thank the District and school officials and personnel for their assistance and cooperation during the audit.

# Independent Auditor's Report on Compliance and Internal Control over Financial Reporting in Accordance with Government Auditing Standards

## **Aberdeen School District Grays Harbor County September 1, 1998 through August 31, 1999**

Board of Directors  
Aberdeen School District  
Aberdeen, Washington

We have audited the general purpose financial statements of the Aberdeen School District, Grays Harbor County, Washington, as of and for the year ended August 31, 1999, and have issued our report thereon dated March 3, 2000.

As described in our report on the financial statements, our opinion is qualified because the District omitted the general fixed asset account group from its financial statements, which is a departure from generally accepted accounting principles.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **COMPLIANCE**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the District's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*.

However, we noted certain matters involving noncompliance not significant enough to report as findings that we have reported to management of the District in a separate letter dated March 30, 2000.



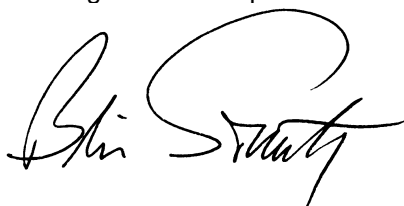
## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated March 30, 2000.

This report is intended for the information of management, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a large, stylized loop at the end.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

March 3, 2000

# Independent Auditor's Report on Financial Statements

## Aberdeen School District Grays Harbor County September 1, 1998 through August 31, 1999

Board of Directors  
Aberdeen School District  
Aberdeen, Washington

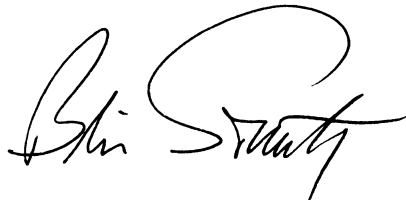
We have audited the accompanying general purpose financial statements of the Aberdeen School District, Grays Harbor County, Washington, as of and for the year ended August 31, 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include the general fixed asset account group, which should be included in order to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed asset account group is not reasonably determinable.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Aberdeen School District as of August 31, 1999, and the results of its operations and the cash flows of its nonexpendable trust funds for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

March 3, 2000

# General Purpose Financial Statements

**Aberdeen School District  
Grays Harbor County  
September 1, 1998 through August 31, 1999**

## ***GENERAL PURPOSE FINANCIAL STATEMENTS***

Combined Balance Sheet – All Fund Types and Account Groups – 1999  
Combined Statement of Revenues, Expenditures and Changes in Fund Balance –  
    All Fund Types and Account Groups – 1999  
Combined Statement of Revenues, Expenditures and Changes in Fund Balance –  
    Budget and Actual – All Governmental Fund Types – 1999  
Combined Statement of Revenues, Expenses and Changes in Fund Balance –  
    All Nonexpendable Trust Funds – 1999  
Combined Statement of Cash Flows – 1999  
Notes to Financial Statements – 1999